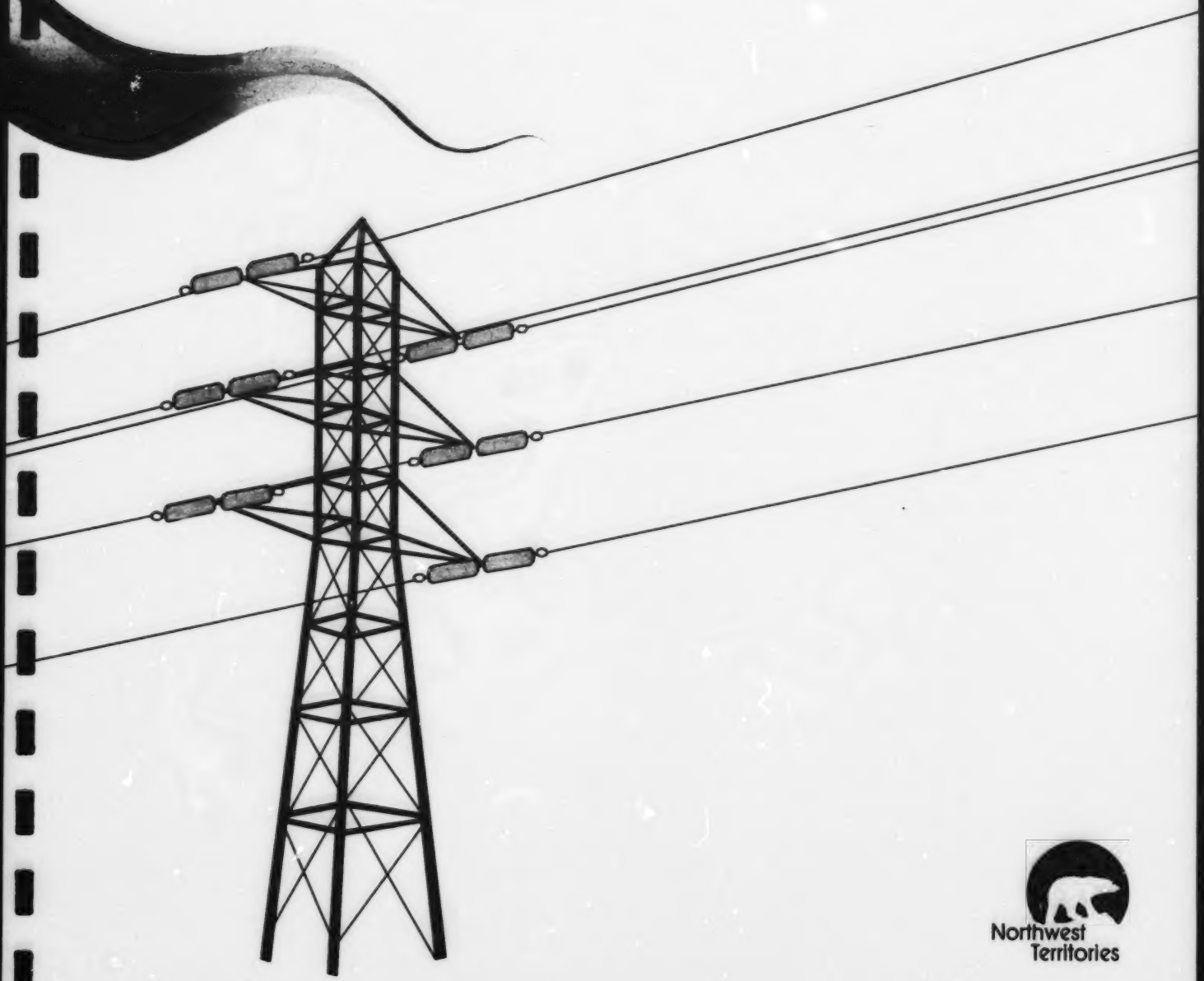
2001
ANNUAL REPORT
PUBLIC UTILITIES BOARD
OF THE NORTHWEST TERRITORIES



Northwest Territories

PUBLIC UTILITIES BOARD

OF THE NORTHWEST TERRITORIES

ANNUAL REPORT

For the year ending
December 31, 2001

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Northwest Territories Minister Responsible for the Public Utilities Board

The Honourable Glenna Hansen
Commissioner of the Northwest Territories

I take pleasure in submitting the Annual Report of the Northwest Territories Public Utilities Board for the calendar year ending December 31, 2001.

Roger T. Allen
Minister

Attachement

Northwest Territories Public Utilities Board

January 31, 2001

The Honourable Roger T. Allen
Minister Responsible for the
Public Utilities Board
of the Northwest Territories

Dear Minister:

I am pleased to submit the Annual Report of the Northwest Territories Public Utilities Board for the calendar ending December 31, 2001, in accordance with the provisions of Section 16.(1) of the *Public Utilities Act*.

Yours truly,

John E. Hill
Chairperson

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SUMMARY OF 2001 BOARD DECISIONS

DECISION 1-2001 **February 7, 2001**

Application:
By letter dated January 23, 2001, the Northwest Territories Power Corporation ("**NWTPC**") filed an application to increase its Norman Wells Rate Stabilization Fund. NWTPC requested that the Board approve an increase in the fuel rider, Rider B, for its customers in the Town of Norman Wells.

Order:
After reviewing the application and the response to the questions raised, the Board approved the Rider B application.

DECISION 2-2001 **April 27, 2001**

Application:
By letter dated April 2, 2001, NWTPC submitted an application to recover by way of a rider the closing balance in the Snare Cascades Hydro Project Deferral Account amortized over 10 years, plus a cash return.

Order:
The Board approved the rider as filed, with any over/under collection to be applied to the outstanding balance.

DECISION 3-2001 **April 27, 2001**

Application:
Northland Utilities (Yellowknife) Limited ("**Northland Yk**"), anticipating Board approval of NWTPC's rider (Board Decision 2-2001), filed a proposed rider, Rider B, to recover its increased purchased power costs.

Order:
The Board reviewed the calculations provided by Northland Yk and approved the Rider B application.

DECISION 4-2001 **June 12, 2001**

Application:
By letter dated March 19, 2001, Ackroyd, Piasta, Roth & Day LLP Barristers & Solicitors, on behalf of the Hamlet of Fort Providence, applied for intervenor costs pertaining to Northland Utilities (NWT) Limited's ("**Northland NWT**") application, dated March 13, 2000, to revise its fuel clause rider for all communities it serves.

Order:
The Board reviewed and approved the intervenor costs application submitted on behalf of the Hamlet of Fort Providence.

DECISION 5-2001 **June 22, 2001**

Application:
On May 9, 2001, NWTPC submitted its 2001/02 and 2002/03 Phase I General Rate Application. NWTPC also filed an interim refundable rate application designed to prevent the requirement for a sizeable revenue deficiency rider to be implemented at the same time as the proposed rate increases. Along with the application for an interim refundable rate increase, NWTPC filed, under separate cover, an application to adjust the Norman Wells Fuel Stabilization Fund, Rider B, downward, in consideration of the new fuel price that will be reflected in the interim rate, if approved.

Order:
After reviewing the applications and responses to information requests provided by NWTPC, the Board approved the interim refundable rate riders. The Board also approved the reduction in the Rider B application for the Town of Norman Wells.

DECISION 6-2001 **June 22, 2001**

Application:
By letter dated June 18, 2001, Northland Utilities Enterprises Ltd. ("**Northland**"), on behalf of Northland Yk and Northland NWT, in anticipation that the Board would approve NWTPC's interim refundable rate riders, filed an application to flow through the additional costs to its Hay River and Yellowknife customers.

Order:
After reviewing the application and responses to information requests provided by Northland, the Board approved the flow through of the increased costs of purchase power for Northland. However, the Board directed Northland to provide

a complete response to an information request before final approval of the flow through amount. Northland was directed to file rate riders to reflect this Board Decision.

DECISION 7-2001 **July 3, 2001**

Application:
In response to Board Decision 6-2001, Northland, by letter dated June 28, 2001, filed proposed rate riders.

Order:
The Board reviewed and approved the proposed rate riders.

DECISION 8-2001 **November 27, 2001**

Application:
By letter dated November 2, 2001, Northland Yk applied for approval to issue a long term instrument in the amount of $500,000 by way of an unsecured debenture with an interest rate of 4.95%.

Order:
After reviewing the application and Northland's responses to information requests, the Board approved the $500,000 of Long Term Debt Financing.

DECISION 9-2001 **November 27, 2001**

Application:
By letter dated November 15, 2001, Northland submitted a comparative of the 2001 forecast and 2000 actuals, and requested final approval of the interim riders approved in Board Decision 6-2001 and 7-2001.

Order:
The Board reviewed the information provided by Northland and gave final approval of the interim rate riders.

THE PUBLIC UTILITIES BOARD

Mandate

The Northwest Territories Public Utilities Board is responsible for the regulation of the energy utilities in the Northwest Territories ("**NWT**"). Its prime responsibility, granted under the authority of the *Public Utilities Act* ("***the Act***"), is to establish just and reasonable rates for utility services, while balancing the interests of the utility customer and investors.

Board Organization

The Board consists of a part time Chairperson and two part time members. The Board Secretary, who reports to the part time Chairperson, administers the office.

In September of 1991, the Board underwent an organizational restructuring in accordance with amendments of *the Act*, and a full time Chairperson was appointed. The restructuring was in anticipation of the increased mandate of the Board, consequential to the *Northwest Territories Power Corporation Act* amendments. The amendments provided that, in addition to determining the rate base and revenue requirements of NWTPC, as of April 1, 1992, the Board be given the further responsibility of determining rates for NWTPC.

As the chief executive officer, the Chairperson presides over sittings of the Board and supervises Board employees. *The Act* give the Minister Responsible of the Board, upon the recommendation of the Chairperson, the authority of appoint a Secretary to the Board.

As of March 31, 2001, the Chairperson position became part time.

The Board was authorized a staff complement of five persons, including the full time Chairperson. Over the past several years three staff members have resigned and it was decided to not hire replacements. The Board operates efficiently with a part time Chairperson, a full time Board Secretary and outside counsel and consultant. Because of the technical nature of the work, the Board is dependent on specialized outside assistance. No changes are contemplated as the arrangement is cost effective.

The Minister Responsible for the Board, upon the recommendation of the Executive Council appoints members of the Board. At present, the Board consists of the following persons:

Chairperson	John E. Hill, Devon, Alberta
Vice-Chairperson	Gene Nikiforuk, Inuvik, Northwest Territories
Member	Gabrielle Decorby, Yellowknife, Northwest Territories

The Board is assisted by:

Board Secretary	Louise Larocque, Hay River, Northwest Territories
Legal Counsel	John Donihee, Gullberg, Wiest, MacPherson & Kay, Yellowknife
Consultant	Raj Retnanandan, Energy Management & Regulatory Consulting Ltd., Edmonton

REGULATORY JURISDICTION

Following are the utilities subject to the Board's jurisdiction:

Northwest Territories Power Corporation
Head Office: Hay River, Northwest Territories

Stittco Utilities NWT Ltd.
Head Office: Hay River, Northwest Territories

Northland Utilities (NWT) Limited
Head Office: Hay River, Northwest Territories

Northland Utilities (Yellowknife) Limited
Head Office: Yellowknife, Northwest Territories

The Town of Norman Wells
Head Office: Norman Wells, Northwest Territories

Aadrii Ltd.
Head Office: Yellowknife, Northwest Territories

Inuvik Gas Ltd.
Head Office: Inuvik, Northwest Territories

UTILITY REGULATION

The need for regulation arises because utilities generally provide service on a monopoly basis without the economic controls of competition. The Board is the proxy for competition and attempts to ensure efficiency and fair pricing. The principles of rate regulation rest on fairness to both the utility and the consumer.

2001 IN REVIEW

The Board issued the Decisions outlined at the begin of this Annual Report.

As well, the Board undertook a Strategic and Operational Review, which was completed in January 2001. The Minister Responsible for the Board has forwarded the review to all member of the Legislative Assembly for any questions or comments they may have.

The review has not been tabled in the Legislative Assembly.

A LOOK AHEAD

During the coming year, Northland Yk and Northland NWT are expected to file General Rate Applications. The Board will hold public hearings to determine a rate base and revenue requirement, and rates which are just and reasonable.

The Board is expected to issue the NWTPC Phase I Decision in February, 2002, subsequent to which NWTPC will file Phase II of its General Rate Application to determine appropriate rates for their customers.